GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:2006
ANSWERED ON:03.08.2001
EXPORT ORIENTED UNIT OF OIL REFINERY AT KAKINADA PORT
RAM CHANDRA DOME

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government propose to set up an export oriented unit of oil refinery at Kakinada port by the Petro Energy Products Company Limited at a revised cost of Rs.2,652 crore;

(b) if so, whether the project was originally approved in June, 1994 at a cost of Rs.500 crore only; and

(c) if so, the reasons for the delay resulting in more than five fold escalation in its cost?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI DIGVIJAY SINGH)

(a) to (c): Government does not propose to set up an oil refinery under the EOU Scheme. However, M/s Petro Energy Products Company Limited was granted LOI in June, 1994 to set up an oil refinery unit under the EOU Scheme at Karaikal in the Union Territory of Pondicherry with an investment of Rs.500.25 crores. As the company could not implement the proposal it sought and was granted extension of the validity of the approval from time to time. The last extension was granted on 16.8.2000 extending the validity of the approval upto 27.6.2003. Further, on the request of the unit, Government has also approved the change of location from Karaikal, Pondicherry to Kakinada Port (Peddapuram- R.B. Patnam, East Godavari) in Andhara Pradesh on 16.8.2000. Recently, Government has on 12.6.2001 also approved the company`s proposal to enhance the project cost to Rs. 2652 crores and restructure the foreign equity participation to 95% of the total equity.